



DIVIDEND DISTRIBUTION POLICY

Introduction

This Policy is devised in compliance with the Directive No. SEC/CMRRCD/2021-386/3- dated, 14 January 2021 of Bangladesh Securities and Exchange Commission. This policy is effective from 25th April 2021 being the date of its approval by the Board of Directors of the Bank.

Objectives

The Policy is aimed to lay down the criteria and parameters that are to be considered by the Bank while declaration and distribution of the dividend.

Factors to be considered for declaration of Dividend

The Bank distributes the specified annual net profits, after deduction of all general expenses and other costs and arranging the necessary provisions against investment losses, off balance sheet exposures, other provisions and provision for taxation complying different regulatory guidelines/restrictions:

1. The Bank transfers @ 20% of the net profits before tax to the statutory reserve to ensure that the mentioned reserve becomes equal—at least—to the paid capital. However to strengthen bank's capital base, the Board may transfer the lump sum amount to the statutory reserve even if it exceeds amount of paid up capital.
2. The bank distributes a certain amount of its distributable profit to the shareholders.
3. The Bank transfers the remaining distributable profit (if any) to the general reserve of the bank to support the business growth.

Procedure of declaration/recommendation of dividend

Dividend is approved by the shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board. Dividend is recommended by the Board after consideration and approval of the financial statements which were considered by the Board Audit Committee before approval of the Board. All requisite approvals and clearances, where necessary as applicable, are obtained before the declaration of dividend.

Time line for dividend pays off

- i) Stock Dividend shall be paid off to the entitled shareholder within 30 (thirty) days of approval.
- ii) Cash Dividend shall be paid off as per circular of BSEC or Bangladesh Bank or other regulatory authority from time to time
- iii) Amount of declared cash dividend payable for the concerned year/period shall be kept in a separate bank account as per circular of BSEC or Bangladesh Bank or other regulatory authority from time to time

Procedures of Cash dividend payment

As per the Regulation No.28 (Payment of Dividend) of Dhaka Stock Exchange (Listing) Regulations, 2015 and Chittagong Stock Exchange (Listing) Regulations, 2015, Cash Dividend is distributed to the Shareholders within 30 days of holding the AGM. Procedures are:

1. After Finalization of Accounts and getting recommendation for Cash dividend by the Board, an amount equivalent to the declared cash dividend for the concerned year is kept in a separate Bank Account.
2. The Bank pays off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the DP or the bank account as provided by the shareholder through Electronic Transfer within thirty days of approval after deducting applicable tax at source, online (shareholders maintained bank account with IBBL only) & if not possible to distribute cash dividend through BEFTN or any electronic payment system, Dividend Warrants are issued against the shareholders holding shares in Folio (paper shares).



3. In case of margin client having debit balance or margin loan of stock broker or merchant banker or portfolio manager, the Bank pays off cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of merchant banker or portfolio manager through Electronic Transfer in order to account for such dividend immediately in the individual client's portfolio account.
4. The Bank pays off cash dividend to non-resident sponsor, director, shareholder or foreign portfolio investor through the security custodian in compliance with the rules or regulations in this regard.

Procedures of stock dividend distribution

The stock dividend (Bonus Shares) is distributed to the Shareholders' BO account(s) through Central Depository Bangladesh Limited (CDBL) within 30 (thirty) days from the date of AGM against the shareholders holding shares in Folio (paper shares) / BO IDs on record date.

Fractional Bonus Shares is issued in a BO account operated by the Company Secretary of the Bank. Fractional Bonus Shares is sold out through bank's own DP and the received amount of sale proceeds of Fractional Bonus Shares is distributed to the Honourable Shareholders' Bank account(s) through Bangladesh Electronic Fund Transfer Network (BEFTN), online (shareholders maintained bank account with IBBL only) & Payment Warrants are issued against the shareholders holding shares in Folio (paper shares) and sale proceeds returned from BEFTN of BO IDs.

Unpaid or unclaimed dividend

Islami Bank Bangladesh Limited maintains detailed information of Unpaid or unclaimed. As of 31.12.2021 total amount of unclaimed dividend is Tk. 23,179,157 However Unpaid or unclaimed dividend shall be settled as per instructions of BSEC or Bangladesh Bank or other regulatory authority from time to time.

Amendments / Modifications

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law of the land. Such amended policy shall be placed before the Board for approval.

Review

This Policy would be reviewed on an annual basis or as and when the need arises. Amendments (if any) would be approved by the Board

Disclosure Policy

The Dividend Distribution Policy shall be available on the Bank's website and shall also be disclosed in the Bank's Annual Report